



TAX Information

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New tax rates to take effect on October 1, 2008

Voters in five cities in California have approved new transactions (sales) and use taxes (district taxes) that are effective October 1, 2008. The new rates apply only within each city's incorporated limits. The tax rates outside the incorporated city limits will remain the same.

City of South Gate 9.25%

The City of South Gate, located in Los Angeles County, approved a 1% City of South Gate Transactions and Use Tax, (SGTE/182) which will increase the tax rate within city limits to 9.25% from 8.25%.

City of Mammoth Lakes 7.75%

The City of Mammoth Lakes, located in Mono County, approved a 0.50% City of Mammoth Lakes Parks, Recreation and Trails Transactions and Use Tax (MLPR/183), which will increase the tax rate within city limits to 7.75% from 7.25%.

City of Pacific Grove 8.25%

The City of Pacific Grove, located in Monterey County, approved a 1% City of Pacific Grove Transactions and Use Tax (PGRV/184), which will increase the tax rate within the city limits to 8.25% from 7.25%.

City of Pismo Beach 7.75%

The City of Pismo Beach, located in San Luis Obispo County, approved a .50% City of Pismo Beach Transactions and Use Tax (PSMO/185), which will increase the tax rate within the city limits to 7.75% from 7.25%.

Tax rate decrease for the City of Clovis, in Fresno county on September 30, 2008.

The City of Clovis Public Safety Transactions and Use Tax will end September 30, 2008. Effective October 1, 2008, the tax rate within the City of Clovis will decrease from 8.275% to 7.975%.

Is your address in the city limits or unincorporated county?

You can verify whether your business is located within a city that has a district tax. District boundaries are generally defined by city and county lines. Many California zip codes overlap city and county lines. To determine which district taxes affect your sales, visit our website: www.boe.ca.gov/sutax/cityaddresses.htm for a listing of city links. If you do not find the city you are looking for on our website, you may contact the city directly to determine whether or not your business or your customer is within the city boundaries.

For more information

For information on district taxes, please see publication 44, *Tax Tips for District Taxes*. For updated tax rates throughout California see publication 71, *California City and County Sales and Use Tax Rates*. You can download publications from our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115.

e-File: BOE is going paperless!

Recently, you may have noticed more of an emphasis on electronic filing (e-filing), in our district field offices, on our website and in materials received from us through the mail. Nearly all sales and use

tax accounts are eligible to e-file now. You already may have discovered the benefits of e-filing and are among the increasing population of California taxpayers that e-file their sales and use tax returns and prepayments. If so, keep up the good work!

To take advantage of the benefits of e-filing on a larger scale, BOE is going paperless. We are currently transitioning all sales and use tax accounts from paper to e-filing one group at a time. Over the next two years, each group will be transitioned based on their account type and reporting basis. You will be notified well in advance of the effective date of the transition for your account. Detailed information along with our publication 159, *E-File Guide*, will help make the transition to e-filing as easy as possible for you. Once transitioned to e-filing, you will no longer receive paper returns or prepayment forms in the mail. As an alternative to mailing your return, you may use the e-filing option on the BOE website to provide you with a free, fast, and convenient method for filing your tax returns, prepayments and reports.

Several e-file options are available on our website, however, only the BOE option is provided free of charge. Don't wait, visit www.boe.ca.gov and e-file today. Help California "go green" now!

Statewide Compliance and Outreach

As part of our ongoing compliance and outreach efforts, Board of Equalization staff routinely visit business locations to verify that they have the necessary permits and licenses. Our goal is to register unlicensed businesses so there is not an unfair business advantage over those businesses that are properly registered. We also want to ensure that taxes are being reported correctly and accurately. This will help make our state tax system fair for everyone.

Under the outreach program, our staff will visit business locations throughout the state. These visits will help business owners learn more about the tax rules that apply to their businesses and will give them the opportunity to ask any questions they may have.

When our staff visits a business, they will ask to see the seller's permit for that location, which should be displayed in a visible location at all times. Depending on the nature of the business, they may also ask about other tax and fee licenses or permits that are required under the various laws administered by the Board of Equalization. For example, a retailer of cigarettes will need a special cigarette license in addition to a seller's permit.

Once the new state budget is approved, the Board of Equalization anticipates it will include an enhanced

outreach program called the Statewide Compliance and Outreach Program (SCOP). The program will expand our efforts to make sure California businesses have the necessary permits and licenses they need by partnering with other state agencies and cities. For information on the different tax and fee programs the BOE administers and the permit requirements, see www.boe.ca.gov or call our Taxpayer Information Center at 800-400-7115.

Do you owe the California Tire Fee?

According to the California Tire Fee Law, every person who purchases a new tire shall pay a California Tire Fee of \$1.75 per tire. Section 42885(g) provides that a new tire is "a pneumatic or solid tire intended for use with on-road or off-road motor vehicles, motorized equipment, construction equipment or farm equipment that is sold separately from the motorized equipment, or a new tire sold with a new or used motor vehicle, including the spare tire, construction equipment or farm equipment."

In the majority of cases, the California retailer will charge the purchaser the tire fee and pay that amount directly to the BOE; however, there are situations when the seller of the new tire is not required to charge the purchaser the tire fee, but the tire fee is still owed on the purchase of the new tire. These situations include, but are not limited to, purchases of a new tire for resale that are used by the purchaser rather than resold and purchases of a new tire from an out-of-state seller that is not required to collect the California Tire Fee as they are not registered in California. In those situations when the seller is not required to charge the tire fee, the purchaser is required to report and pay the tire fee directly to the BOE.

If you think you may owe the California Tire Fee or have questions about the fee, please contact our Taxpayer Information Section at 800-400-7115.

Treated Wood Waste is subject to the Hazardous Waste Generator Fee

Treated Wood Waste (TWW) is wood that is removed from service that was treated with preserving chemicals. Examples include fence posts, sill plates, pilings, guardrails, decking and landscaping timbers.

Effective July 1, 2007, the Department of Toxic Substances Control implemented new standards for TWW to ease regulatory burdens. Generators of TWW can presume that TWW is hazardous waste and can ship it without a hazardous waste manifest to specific non-hazardous waste landfills.

If you “generate” five or more tons of manifested and non-manifested hazardous waste at any one site or location in a calendar year, you must register with the BOE’s Environmental Fees Division and pay the annual Hazardous Waste Generator Fees.

For more information on TWW and the generator fee, please visit our website at: www.boe.ca.gov/sptaxprog/spprograms.htm or contact the Environmental Fees Division at 916-323-9555.

Tax return instructions will no longer be mailed

In an effort to reduce paper usage at the BOE, as of October 1, 2008, we will no longer be sending a copy of the BOE-401-CINS, *State Local and District Sales and Use Tax Return—Return Instructions*. We are also eliminating printing and mailing the instructions for BOE-401-A, *State Local and District Sales and Use Tax Return* and BOE-401-GS, *State Local and District Sales and Use Tax Return*. The return instructions are available on our website or by calling our Taxpayer Information Section.

As an alternative to mailing your return, you may qualify to use the e-filing option on the BOE website to provide you with a free, fast, and convenient method for filing your tax returns, prepayments and reports.

Sales of vitamin enhanced water beverages may be non-taxable

Non-carbonated, vitamin enhanced, water beverages that come in packages similar in size and volume to non-enhanced beverages are generally considered food products. Sales of these food products by grocery stores and other retailers on a to-go basis are not subject to tax.

However, sales of vitamin enhanced water beverages are taxable when these products’ labels, packaging or product literature make specific medicinal claims, describe the product as a food supplement, food adjunct (additive), or a dietary supplement or come in small packages designed to give a quick, concentrated boost or shot of vitamins and nutrients. The word “vitamin” in the product name or description does not constitute a dietary supplement claim which may render the product subject to tax.

For additional information, please see Regulation 1602, *Food Products*, available from our website or by calling our Taxpayer Information Section at 800-400-7115.

Prepaid Sales Tax on Fuel

As a retailer of motor vehicle fuel (gasoline) or diesel fuel, when you purchase fuel from your supplier, you are pre

paying sales tax on your anticipated retail sale of the fuel. However, the prepaid sales tax paid to your supplier is only a credit applied against the full sales tax liability due at the time the fuel is sold at retail. As a retailer of fuel, you should charge the full applicable sales tax rate on fuel sold to your customer and claim a credit for the sales tax you prepaid to your suppliers. The credit is claimed on Schedule G of your sales and use tax return.

To ensure that tax credits and fuel sales are properly reported, the BOE routinely compares amounts claimed by retailers on Schedule G to sales reported on the “SG” returns filed by their suppliers and wholesalers. Any discrepancies or differences will be examined in detail and may result in an audit. Retailers can prevent many discrepancies by properly claiming the tax credit in the correct period—generally, the period that corresponds with the date on the purchase invoice.

Please refer to publication 82, *Prepaid Sales Tax and Sales of Fuel*, for additional information available from our website and our Taxpayer Information Section at 800-400-7115.

Misdemeanor prosecutions for operating a business without a valid seller’s permit

If you are engaged in business selling tangible personal property and do not have a seller’s permit, or if you are operating with a revoked seller’s permit, you may be subject to a criminal citation. Businesses who fail to obtain or reinstate a seller’s permit will be referred to BOE’s Investigations Division (ID). ID investigators will visit your business and will issue a citation if the business is not brought into compliance.

Once a citation is issued the business owners will be required to appear in court and may be subject to fines up to \$5000 and/or 1 year in jail. Any back taxes, including penalty and interest, must also be paid. Failure to appear in court could result in a bench warrant for the owners’ arrest.

For additional information, contact your local BOE field office. To locate the BOE field office nearest you, go to www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115.

Santa Ana district and Laguna Hills branch offices closed and relocated to Irvine, CA

The Laguna Hills Branch Office closed permanently on July 11, 2008 and the Santa Ana District office closed permanently on July 18, 2008. The Santa Ana and

Laguna Hills offices consolidated and relocated to the new Irvine District Office at 16715 Von Karman Avenue, Suite 200, Irvine, California, 949-440-3473.

The Irvine District Office provides the full range of services to you and we anticipate the consolidation's effect will be minimal. Services are also offered through our website and our Taxpayer Information Section at 800-400-7115.

Small business fairs

To help you with the ins and outs of running your business, we've developed a free "one-stop-shop" event for small business owners. Representatives from government agencies and nonprofit organizations will be there to assist you in learning how to manage a successful business. Be sure to check www.boe.ca.gov for the 2008 schedule of small business fairs.

Civil behavior in trying times

We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when dealing with our staff. Still, we ask that you treat our employees just as you would like to be treated in a business situation. Any statement or gesture made to a BOE employee that seems remotely like a threat—even a statement made in jest—will be referred to our Internal Security and Audit Division for investigation.

New or revised reference material

These publications are available on our website at www.boe.ca.gov.

Revised Publications

- 51 Guide to Board of Equalization Services 3-08
- 71 California City and County Sales and Use Tax Rates 7-08
- 79 Documented Vessels and California Tax 5-08
- 101 Sales Delivered Outside California 5-08
- 104 Sales to Residents of Other Countries 5-08
- 149 Property Tax Welfare Exemption 3-08
- 156 Revenue-Generating Tax and Fee Programs 4-08
- 159 E-file Guide 5-08
- 329 Economic Perspective 5-08

Revised Translated Publications

- 42-Korean Resale Certificate Tips (7-06)
- 42-Chinese Resale Certificate Tips (7-06)
- 70-Korean Understanding Your Rights as a California Taxpayer (11-05)
- 105-Spanish District Taxes and Delivered Sales (9-07)
- 107-Chinese Do You Need A California Sellers Permit? (7-07)
- 107-Korean Do You Need A California Sellers Permit? (7-07)
- 107-Spanish Do You Need A California Sellers Permit? (7-07)
- 109-Spanish Are Your Internet Sales Taxable? (5-07)
- 110-Spanish California Use Tax Basics (6-06)

New Translated Publications

- 53-A-Spanish Consumer Sales and Use Tax Questions (3-05)
- 53-B-Spanish Sales and Use Tax Questions for the Business Person (11-06)
- 399 Glossary of Words and Phrases (5-08)

Publication 399 is available in Chinese, Korean, Spanish and Vietnamese. Each publication has an alphabetical list of words and phrases translated into the targeted language with the second half of the publication containing the words in the target language translated back into English.

For More Information

All telephone numbers are toll-free.

Internet

www.boe.ca.gov
www.taxes.ca.gov

Taxpayer Information Section

800-400-7115
 TDD/TTY: 800-735-2929

Requests for Fax Copies

800-400-7115
 (Choose automated services)

Seller's Permit Verification

888-225-5263
www.boe.ca.gov

Taxpayers' Rights Advocate

888-324-2798
www.boe.ca.gov

Tax Evasion Hotline

888-334-3300

State Legislation

www.leginfo.ca.gov/bilinfo.html

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